

**TESTIMONY OF BOB CAREY
SUPERINTENDENT
BUREAU OF INSURANCE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
In opposition to L.D. 893
An Act to Exempt Nonprofit Agricultural Membership Organizations from
Insurance Requirements
Presented by Senator Jeff Timberlake
Before the Joint Standing Committee on Health Coverage,
Insurance & Financial Services
March 27, 2025 at 1:00pm**

Senator Bailey, Representative Mathieson, and members of the Committee, I am Bob Carey, Superintendent of the Bureau of Insurance. I am here today to testify in opposition to LD 893.

This bill is identical to LD 1628, which was brought before the 130th Legislature, and LD 896, which was brought before the 131st Legislature. Both bills resulted in a divided committee report, with the majority voting Ought Not To Pass. This bill raises the same policy considerations that resulted in the Ought Not to Pass votes.

This bill would exempt a qualifying statewide nonprofit agricultural

membership organization from the definition of health insurance in the Insurance Code¹ and allow it to provide health benefits coverage to its members, their dependents, and “others,” (which we interpret as the general public) without being subject to regulatory oversight by the Bureau of Insurance or any federal regulatory agency.

To qualify for this exemption, the organization must be exempt from taxation under the federal Internal Revenue Code; have been in existence since December 31, 1951; and have an annual audit performed by an independent CPA in accordance with generally accepted accounting principles and made available to the public upon request.

The sole requirement on the organization would be to provide written notice to an applicant upon initial application for coverage, and to a covered person at renewal, stating:

- the coverage is not provided by an insurance company;
- the plan is not subject to the laws and rules relating to insurance companies;
- the plan is not under the jurisdiction of the Superintendent; and
- if the plan doesn't pay for eligible medical expenses for any reason, covered individuals may be liable for those expenses.

This exemption would allow such an organization to provide health coverage in Maine that no government agency – Maine or federal – could regulate. Apart from the written notice, there would be no consumer protection standards governing this coverage. A consumer with a complaint would have no recourse.

¹ 24-A M.R.S. § 704.

The organization would be able to underwrite any applicant, charge more for those with pre-existing medical conditions, or deny coverage entirely.

Waiting periods would be allowed. Under the Tennessee Farm Bureau's health plans, maternity benefits are provided only after a member's coverage – **on a family contract** – has been in effect for nine consecutive months. Individual coverage has no maternity benefits except for complications of pregnancy.²

Under this proposal, there are no coverage requirements – such as office visits, inpatient hospitalization, prescription drugs, and behavioral health – and no oversight by the Bureau. The organization could place limits on benefits that are not permitted in Maine or under federal law.

Moreover, no governmental regulator, except possibly the Office of the Attorney General, would have financial oversight over the organization. The organization would not have to maintain minimum funding or undergo actuarial reviews of its health benefit liabilities. Financial oversight of insurers is at the core of the Bureau's mission, allowing the Bureau to determine whether an insurer is in hazardous financial condition so that consumers (policyholders) are protected. Bureau review of insurance company financial statements is key to the Bureau's mission of ensuring that insurers participate responsibly in the Maine market, so that consumers are not left holding the bag and providers are paid for their services.

Thank you, I would be glad to answer any questions now or at the work session.

² Tennessee Farm Bureau website - <https://fbhealthplans.com/plans/individual-family-plans/core-choice/> - accessed on March 10, 2025.